

## **Applying quality improvement standards in Medicare**

**ISSUE:** What are appropriate quality improvement standards for Medicare? Should standards comparable to the Medicare+Choice (M+C) quality improvement standards apply to the fee-for-service program? If so, how? Should Medicare apply quality improvement standards differently to different types of M+C plans? If so, how? How should quality improvement data be used?

**KEY POINTS:** The Center for Medicare and Medicaid Services (CMS), private purchasers, and accreditors are increasingly focused on strategies to stimulate quality improvement activities. The Balanced Budget Act of 1997 (BBA) M+C quality improvement requirements represent a shift for Medicare from assuring a minimal level of quality for beneficiaries to requiring plans to work continually to improve quality. Recognizing that certain types of plans may not be able to measure and improve care, Congress exempted non-HMOs from the M+C provisions requiring plans to demonstrate improvement. Although CMS is working to improve quality in ways similar to the M+C program, comparable quality improvement standards are not applied to the fee-for-service Medicare program or to individual providers in the program.

In considering the question of how to apply quality improvement standards to the M+C and FFS programs, the Commission staff considered the goals of quality improvement standards, their current application in both the private and public sectors and evaluated the feasibility of applying them to different types of Medicare plans and providers. We found that (1) oversight and purchaser efforts were often duplicative, (2) the feasibility of providers and plans complying with quality improvement standards varied widely, and (3) rewarding provider or plan performance and assisting them in improving quality may be a further stimulus for quality improvement. The draft recommendations reflect these considerations.

- Draft recommendation 1: The Secretary should work to reduce duplicative oversight efforts when applying quality improvement standards.
- Draft recommendation 2: The Secretary should apply quality improvement standards flexibly to match the unique responsibilities and capabilities of each type of provider or plan.
- Draft recommendation 3: The Secretary should instruct CMS to explore ways to reward providers and plans that work to improve quality.
- Draft recommendation 4: The Congress should instruct and fund CMS to expand assistance to provider and plan measurement and improvement efforts, including more research on mechanisms to influence provider and beneficiary behavior in different types of organizations.

**ACTION:** The Commission should discuss the content of the draft report and recommendations and vote on final recommendations. This report is due to the Congress on December 1, 2001.

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